

fiscal year shall not exceed twenty-five percent (25%) of the Station's net revenues for that fiscal year; further provided, Reading shall have no obligation to pay any amount hereunder to the Company with respect to any fiscal year beginning on or after January 1, 2000.

d. Compensation in the Event of Sale. In the event that this Agreement is terminated by Reading due to a sale of all, or substantially all, of Reading's assets, or the sale or issuance of a majority interest in Reading, to an unrelated third party, Reading shall pay to the Company the compensation set forth below, which payment shall be paid in cash in one lump sum on or before the date of settlement of such sale to an unrelated third party and which payment shall be in lieu of the compensation as set forth in Section 5(c) above.

In the event that a sale is consummated by Reading on any date after July 15, 1989, Reading shall pay to the Company the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00). Reading will have no obligation to pay any amount to the Company for a sale consummated by Reading on any date after January 1, 2000.

Any amount payable pursuant to the terms of this subparagraph 5d. shall be subject to the terms of loan documents (hereinafter "Loan Documents") to be executed by Reading, the Company (as regards a certain escrow agreement as a limited guaranty) and Meridian Bank in connection with the proposed Bankruptcy Plan of Reorganization which are set forth in the following formula: for each dollar above a sale price of \$1,500,000, for the stock or assets of Reading, the Company shall be paid twenty five percent (25%) of said excess amount up to the agreed upon compensation of \$250,000. In other words, in order for the Company to receive the entire \$250,000 amount, the sale price as contemplated herein would have to be equal to \$2,500,000 or more until Meridian Bank has been paid in full.

e. No Compensation for Services as Officer. Neither the Company nor Parker shall be entitled to any additional compensation on account of the status of Parker as Executive Vice-President and Chief Operating Officer of Reading.

6. Payment of Compensation.

a. Monthly Payments. Reading shall pay to the Company the Company's share of the Station's monthly net revenues no later than the 10th day of the following calendar month. These payments will be capped to a level set forth below and as set forth in more detail in the Loan Documents. However, the Company will not be paid any compensation payment pursuant hereto in the event of failure of Reading to pay the bank's principal and interest payments, as set forth in the loan documents. In the event that

the total monthly payments made to the Company for any fiscal year should exceed the Company's share of the Station's net revenues for that fiscal year, the Company shall refund the excess to Reading within sixty (60) days of the close of that fiscal year.

The monthly payments to be made to the Company pursuant to paragraph 5b. and 5c., shall be subject to the terms of the Loan Documents, which are to provide as follows; To the extent that the compensation to the Company pursuant to subparagraph 5b. and 5c. shall exceed \$20,000, those payments in excess of that amount shall be escrowed with Meridian Bank pursuant to the terms of the Loan Documents, and shall be utilized or dispersed pursuant to the terms of those Loan Documents. It is anticipated that, provided no event of default has occurred pursuant to the Loan Documents, such excess escrow amounts of compensation shall be returned to the Company at the end of each year in an amount equal to 50% of that compensation in excess of \$20,000.

b. Late Payments. In the event Reading fails to make all or part of any payment when due, such unpaid amount will bear interest at the rate of 1.5% per month, unless the payment was not paid due to the restriction on payment in Paragraph 5(b) when no interest shall be due.

c. Accounting. Reading shall provide the Company with monthly financial statements within ten (10) days of the close of the month and an annual accounting no later than forty-five (45) days following the close of Reading's fiscal year which shall show the Station's net revenues, including the computation thereof, and all information necessary to establish the amount of the Company's compensation. The Company and its agents shall have the right, at the Company's own expense and upon five (5) days' notice, to at any time examine Reading's books and records for the purpose of verifying the Station's net revenues or any other proper purpose.

7. Reimbursement of Expenses. In addition to all consideration and compensation payable pursuant to Section 5 above, and subject to such limitations as Reading and the Company shall agree upon in writing, Reading shall also pay and/or reimburse the Company for all reasonable expenses incurred or paid by the Company in performance of the Company's obligations under this Agreement, upon presentation of expense statements, vouchers, or such other supporting information as Reading may reasonably require. For purposes of this Agreement, expenses shall include, but not be limited to, the reasonable value of services provided to Reading by employees of the Company other than the Company's officers. Notwithstanding paragraph 5(b) above, expenses paid or reimbursed by Reading shall be taken into account when determining net revenues to the extent such expenses are reimbursements or payments to the Company for services provided to Reading by the Company's employees.

8. Indemnification. Reading hereby agrees to indemnify and hold the Company and Parker harmless from and against any and all losses, claims, damages, and liabilities of any nature whatsoever arising under this Agreement or out of the Company's and Parker's activities with respect to the Station unless such loss, claim, damage, or liability results from the Company's or Parker's gross negligence or willful misconduct. Without limiting the generality of the foregoing, it is expressly understood and agreed that the Company and Parker shall not be responsible for any bills or fees from F.C.C. attorneys, engineers, security attorneys, or any other professionals hired by Reading or hired by the Company or Parker on behalf of Reading.

9. Independent Contractor Status. It is expressly understood and agreed that the Company is an independent contractor under this Agreement, and that the Company and Reading are neither joint venturers nor partners.

10. Company Not Insurer. Reading acknowledges and agrees that while the Company shall act responsibly and faithfully in performing its management and advisory consulting services to Reading, the Company does not insure or guarantee the success of the Station, economically or otherwise.

11. Notices. All notices required or permitted to be given pursuant to this Agreement shall be sent to the parties at the following addresses:

If to Reading:	Reading Broadcasting, Inc. 1729 N. 11th Street Reading, Pennsylvania 19604
----------------	--

If to the Company:	Partel, Inc. P.O. Box 1834 Auburn, Washington 98071-1834 Attention: Mr. Mike Parker
--------------------	--

or to such other address as any party may designate in writing given to the other parties. If any notice is given by mail, notice shall be deemed to have been given on the date of posting.

12. Miscellaneous.

a. Injunctive Relief. Reading expressly acknowledges and agrees that, in addition to any other remedies the Company may have pursuant to this Agreement or as allowed by law, the Company shall be entitled to obtain injunctive relief to enforce this Agreement in the event of its breach. Reading acknowledges that, with the exception of a breach of Reading's duty to pay a portion of the Station's net revenues to the Company pursuant to paragraphs 5(b) and 5(c) above, the Company will suffer irreparable injury as a result of a breach of this Agreement.

b. Material Breach and Liquidated Damages. Reading acknowledges and agrees that its failure to elect Parker as Reading's Executive Vice-President and Chief Operating Officer or, after having so elected Parker, fails to reelect or removes Parker as its Executive Vice-President and Chief Operating Officer at any time during the term of this Agreement, provided that this Agreement has not been terminated by either party pursuant to the terms of this Agreement, and further provided that this Agreement is otherwise in full force and effect, shall constitute a material breach of this Agreement. Reading acknowledges that establishing what the Station's net revenues would have been if Reading had not failed to elect or reelect Parker, or had it not removed Parker as an officer of Reading, would be difficult if not impossible and, consequently, agrees to pay liquidated damages in the amount of two hundred thousand dollars (\$200,000.00) to the Company in the event of such breach. Reading's obligation to pay liquidated damages to the Company as set forth in the preceding two sentences relates solely to Reading's duty to elect, reelect, and retain Parker as its Executive Vice-President and Chief Operating Officer during the term of this Agreement, and shall not in any way affect Reading's other obligations under this Agreement or the Company's rights under this Agreement or at law with respect to any other breach of this Agreement, including, but not limited to, the Company's rights under Section 5 hereof.

c. Plan of Reorganization. Reading represents, covenants, and warrants that it will take all such actions as may be necessary to implement this Agreement, including, but not limited to seeking to obtain the Bankruptcy Court's approval of this Agreement and/or a plan or an amended plan of reorganization, as the case may be, reflecting the existence of this Agreement.

d. December 31 Fiscal Year. For purposes of this Agreement, Reading's fiscal year shall be deemed to continue to end on December 31 even if Reading should change to another fiscal year.

e. No Waiver. No failure to exercise and no delay in exercising, on the part of either party hereto, any right, power, or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power, or privilege hereunder preclude any other or further exercise thereof, or the exercise of any other right, power, or privilege. The rights and remedies herein provided are cumulative and not exclusive of any right or remedy provided by law.

f. Headings. The headings contained in this Agreement are for reference purposes only, and shall not effect in any way the meaning or interpretation of this Agreement.

g. Binding Effect and Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and

their respective successors and assigns, including, but not limited to, any person or entity who acquires all or substantially all of either party's assets or a majority interest in either party. This Agreement shall not be assigned by the Company without Reading's written consent, which consent shall not be unreasonably withheld.

h. Amendment. This Agreement shall not be altered or otherwise amended except pursuant to a written amendment executed by each party hereto.

i. Entire Agreement. This Agreement sets forth the entire agreement and understanding between the parties hereto with respect to the subject matter hereof, and supersedes and replaces all prior written agreements and negotiations and all understandings, if any, with respect thereto.

j. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original.

k. Governing Law. This Agreement shall be governed and construed in accordance with the substantive laws of the State of Pennsylvania. The parties agree that venue and jurisdiction for resolution of any dispute arising hereunder shall be proper in the Court of Common Pleas of Philadelphia County, Commonwealth of Pennsylvania, and shall not be removed therefrom.

l. Severability. If any provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be held to be invalid, illegal, or unenforceable in any respect, the remainder of this Agreement, or the application of such provisions to persons or circumstances other than those to which it is held to be invalid, illegal, or unenforceable, will not be affected thereby, and this Agreement shall be legal and valid and be enforceable to the fullest extent permitted by law as if such invalid, illegal, or unenforceable provision had never been included herein.

m. Attorneys' Fees. In the event that a dispute arises as to the interpretation or the enforcement of any provision of this Agreement and either party refers such dispute to any attorney for resolution, the prevailing party shall be entitled to recover its reasonable costs and attorneys' fees incurred in connection therewith, whether or not litigation is commenced.

n. Approvals. This Agreement is subject to Bankruptcy Counsel's approval as to content and form under the Bankruptcy Act, Rules and Regulations and subject to the approval of the Board of Directors and Bankruptcy Court. This Agreement will be submitted to the Bankruptcy Court for its approval by April 16, 1990.

DATED this _____ day of _____, 1990.

READING BROADCASTING, INC.

Attest: _____

By: Henry M. Gersandt, Sr.
Its President

PARTEL, INC., a Washington
Corporation

By: Mike Parker
Its President

STATE OF _____

>
> SS.

COUNTY _____

>

On this _____ day of _____, 1990, before me personally appeared _____ and _____, to me known to be the _____ and Secretary, respectively, of READING BROADCASTING, INC., described in and that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that they were authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year first above written.

Barbara Williamson
Notary Public in and for the State
of Pennsylvania, residing at
Reading, Berks County
My Commission Expires: 8/9/93

Notarial Seal
Barbara Williamson, Notary Public
Reading, Berks County
My Commission Expires Aug. 9, 1993

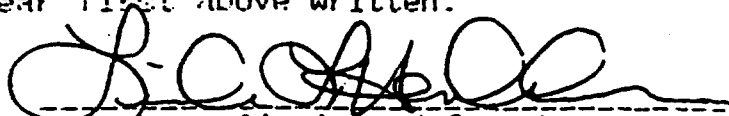
STATE OF WASHINGTON

COUNTY OF KING

> SS.
>

On this 21st day of March, 1990, before me personally appeared MIKE PARKER, to me known to be the President of PARTEL, INC., described in and that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said corporation, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

IN WITNESS WHEREOF, I have hereto set my hand and affixed my official seal the day and year first above written.



Notary Public in and for the State
of WASHINGTON, residing at

Pyralis
My Commission Expires: 11/10/91

EXHIBIT A

	BALANCE DUE
UNSECURED CREDITORS	
READING BROADCASTING, INC.	
ACCU-WEATHER *	15,655.92
AMP PRODUCTS CORPORATION	250.49
ASCAP	15,835.40
ADVANCED INFORMATION.SYS	42.14
AIRBORNE EXPRESS	161.00
ALCARE	2,075.00
ALPHA VIDEO & ELECTRONIC	541.10
AMERICAN LIGHTING	303.98
AMERICAN TV SYNDICATION	316.67
ANDREW CORPORATION	5,684.02
ANGEMIEUX	39.76
ASSOCIATED PRESS *	16,921.38
AUTOMOTIVE SERVICE	79.62
BMI	6,000.51
BELL OF PA	3,625.45
BERKS SECURITY	40.00
BOWMAN	200.00
BROADCAST MAGAZINE	65.00
BUSINESS EQUIPMENT	693.61
BUSINESS EQUIP & SUPPLY	273.04
CNC TECHNOLOGY	2,226.00
CECO COMMUNICATIONS	328.97
CENTAUR ONE	210.30
CINEMA SHARES	2,759.97
CTY OF READING W & S	578.73
CLAUSER	315.01
COLUMBIA PICTURES *	35,915.89
COMMONWORLD INTL/OSMOND	624.17
COMPUCON, INC.	566.68
COPIER ASSOCIATES	707.99
CO-OP SERVICES	172.00
COPY SYSTEMS	155.58
CREATIVE DISPLAYS *	470.18
CUMBERLAND ELECTRONICS	569.00
DATAWORLD	52.00
DELUCA'S	49.55
WM. "BILL" DERK	52.00
DIVERSIFIED MECHANICAL	795.15
RANDY DONATELLI	88.00
EMERY	32.95
EXECUTIVE SUPPLY COMPANY	200.00
FIRST AIR SERV., INC.	16.25
WILMA FISHER, INC.	643.74
GERBER & LINTON	58,235.11
GROUP W PRODUCTIONS *	48,906.00
JVC	150.67
JANITEX, INC.	145.00
THE K'S	1,319.54
K PHOTO SERVICE, INC.	2,286.33
KUTZTOWN UNIVERSITY	3,614.26
KLIEGLE BROTHERS, INC.	117.10
LOCATIONS SERVICES	787.75
LUPPOLD HTG & AIR COND.	490.75

MA/COM MMS	1,822.27
MCA TELEVISION LIMITED	52,766.00
MCI TELECOMMUNICATIONS	1,663.01
MAXIMA MAGNETICS, INC.	81.62
MCNANUS ENTERPRISES	671.05
MET-ED/GPU	20,841.01
JOHN MILLER PROD. STUDIO	277.50
MICRODYNE CORPORATION	430.37
MICROWAVE ASSOC.	1,597.27
MOREFIELD COMM., INC.	649.47
NAB	491.08
NEW 200 REVIEW COMPANY	373.75
PBS	365.50
THE PMA GROUP	800.00
PARROT COMMUNICATIONS	95.00
PATLIN ELECTRONICS, INC.	1,064.53
PIERCE PHELPS, INC.	6,331.00
PILOT AIR FREIGHT	32.15
PRO BATTERY, INC.	585.95
PROFESSIONAL PRODUCTS	38.00
PURULATOR COURIER	71.80
READING EAGLE COMPANY	72.24
REPLAY VIDEO CART. SERV.	102.09
RHODES PRODUCTIONS	1,221.75
RÜHDE & SCHWARZ	10,400.00
SEASAC, INC.	1,205.00
SCHLEGEL BROS., INC.	808.00
SEARS CLEANING SERV.	160.40
SELTEL	7,292.00
SXAIST, KNOBLACH, HYMAN	822.44
MALCOLM E. SMITH ADV.	2,176.11
SOUTHBROOK ENTERPRISES	1,435.00
SPIN PHYSICS, INC.	1,100.00
AL STALLONE	2,295.61
STANDARD ELECTRIC SERV.	123.78
STEINBURG ELECTRONICS	2,628.50
STEREO DISCOUNTERS	104.76
STUDIO CENTER	204.02
STUDIO FILM & TAPE, INC.	438.98
WB & E. HIRT	100.00
WMAR-TV	18.00
WEISS PAPER COMPANY, INC	92.38
WEST LAWN PRINTING	47.48
READING MOTOR INN	246.42
TVB	2,913.00
U.S. SPRINT	1,930.83
VIACOM ENTERPRISES	37,788.88
VIDEO MAGNETICS	146.67
VIDEO PRODUCTS INC.	27.96
VISUAL SOUND	5,578.43
E.G. & B.A. ZELLOWFROM	4,750.00
RCA CORPORATION	2,876.65
ROBERT A. PRITCHARD	1,103.87
JOHN P. RICE	21.70

	412,025.23

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OCT 28 1992

BEFORE THE

Federal Communications Commission

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In re Applications of)

HARRISCOPE OF CHICAGO, INC.
et al., A Joint Venture d/b/a/
VIDEO 44)

MM DOCKET NO. 83-575
File No. BRCT-820802J9

For Renewal of License of
Station WSNS-TV, Channel 44
Chicago, Illinois)

and)

MONROE COMMUNICATIONS
CORPORATION)

MM DOCKET NO. 83-576
File No. BPCT-821101KH

For a Construction Permit)

To: The Commission

JOINT REQUEST FOR APPROVAL OF SETTLEMENT AGREEMENT,
DISMISSAL OF MONROE APPLICATION AND GRANT
OF VIDEO 44 APPLICATION

Harriscop of Chicago, Inc., Essaness Theatres Corporation and National Subscription Television of Chicago, Inc., a Joint Venture d/b/a Video 44 ("Video 44"), and Monroe Communications Corporation ("Monroe"), by their respective counsel and pursuant to 47 U.S.C. § 311(d) and 47 C.F.R. § 73.3525, hereby move the Commission for approval of a settlement agreement between Video 44 and Monroe, a copy of which is contained in Attachment 1 hereto.

The instant comparative renewal proceeding arose out of Video 44's 1982 application for renewal of license of WSNS-TV, Channel

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Monroe. The first payment of \$11,666,667 (plus interest at 1% over prime from September 1, 1992) will be made ten days after the FCC's order dismissing Monroe's application has become final. The second payment of \$6,009,757 (plus interest on \$5,833,333 of this amount at 1% over prime from September 1, 1992) will be made within ten days after the Commission's order granting Video 44's license renewal application has become final. As set forth in the attached settlement agreement and in the declarations of Video 44 and Monroe supplied in Attachments 2 and 3 hereto, Monroe will not receive any consideration, other than the two described payments, in exchange for the dismissal of its application.^{4/} As further set forth in the Attachment 3 declaration submitted by Monroe, Monroe's application in this proceeding was not filed for the purpose or with the intent of entering into a settlement agreement.

The attached settlement agreement provides for two separate payments to Monroe due to the fact that, in the Court of Appeals'

4/ The Commission's current rules limiting the amount of the payments which may be made in exchange for the dismissal of an application which is mutually exclusive with a broadcast license renewal application are not applicable to this proceeding, because this proceeding was designated for hearing prior to the effective date of the new rules. See Policies and Rules Relating to Broadcast Renewal Applicants, 4 F.C.C. Rcd. 4780, 4788 (1989) (¶ 59), recon. denied, 5 F.C.C. Rcd. 3902 (1990). There is thus no substantive limitation on the amount of the settlement payment which Monroe may receive in exchange for the dismissal of its application in this proceeding. The contemplated settlement payments by Video 44 to Monroe are therefore in full accord with Commission rules and policy. For this reason, no demonstration is being submitted, or is required, relating to Monroe's substantial expenditures in prosecuting its application throughout the extended past history of this proceeding.

1990 remand in this case, the Court directed the Commission, inter alia, to reconsider its prior disposition of certain obscene programming allegations directed against Video 44.^{5/} The Commission's post-remand decision did not resolve this aspect of the Court's remand, but rather found, for other reasons, that Video 44 had not earned a renewal expectancy and that Monroe's application should therefore be granted on comparative grounds.^{6/} Because the requested dismissal of Monroe's application will eliminate all comparative issues in the case, including the renewal expectancy issue, the only remaining precondition to an immediate grant of Video 44's application would be a Commission finding that Video 44 is basically qualified to receive a grant. Although Video 44 does not understand the Court of Appeals to have ruled that the programming allegations referred to in its prior remand may have pertinence to Video 44's basic (as opposed to its comparative renewal expectancy) qualifications, it would appear necessary (or at least prudent) for the Commission now to determine that those allegations do not in fact raise any substantial or material question regarding Video 44's basic qualifications. Video 44 has, of course, been found to be basically qualified at every prior stage of this case, and it believes that any lingering question as to its basic qualifications which may have resulted from the

5/ See Monroe Communications Corp. v. FCC, 900 F.2d 351, 356-59 (D.C. Cir. 1990).

6/ Video 44, 5 F.C.C. Rcd. 6383, 6385 (1990), recon. denied, 6 F.C.C. Rcd. 4948 (1991).

Court's 1990 remand can be promptly and easily resolved, based on the existing record. Video 44 is therefore submitting, contemporaneously with this Petition, a motion requesting prompt resolution of any such questions and the grant of Video 44's renewal application.

Approval of the instant settlement agreement will clearly serve the public interest. This protracted comparative renewal case has been pending for more than a decade, and has been in active litigation for virtually all of that time. Grant of the proposed settlement will terminate this protracted litigation, will conserve the resources of the Commission and the parties, and will bring to an end the prolonged uncertainty which has surrounded the status of Channel 44 in Chicago for the past ten years. The unusual issues which have driven this unique comparative renewal proceeding derive largely from Video 44's operation of WSNS-TV in the subscription television format a decade or more ago. That format has long since disappeared nationwide. Video 44 has been operating Channel 44 with an entirely different format -- a conventional, "free" Spanish language television format -- for the past seven years. Video 44's operations in its current Spanish-language format have been the subject of extensive praise from a broad cross-section of the Chicago area Hispanic community and from numerous local civic leaders and groups, including the Chicago City Council, the City's Mayor, the Governor of Illinois, and many

others.^{7/} Although the Commission has previously held, in a ruling with which Monroe agrees, that the record evidence of Video 44's meritorious operations in its current Spanish language format may not be considered in connection with the comparative aspects of this case,^{8/} both Video 44 and Monroe agree that such evidence may properly be considered by the Commission in passing on the proposed settlement. If Monroe's application is dismissed, as the parties request, then this case will cease to be a comparative proceeding, and purely comparative factors, including the renewal expectancy factor, will no longer be relevant here. Cf. Alabama Educational Television Commission, 50 F.C.C.2d 461, 476 (1975). In light of Video 44's record of meritorious service over the past seven years, and given the other unique circumstances of this case, approval of the proposed settlement will plainly serve the public interest.


For the foregoing reasons, the parties request that the attached settlement agreement be approved; that Monroe's application be dismissed, with prejudice, in accordance therewith;

7/ See, e.g., Video 44's November 30, 1990 Petition for Reconsideration at 1-3 & 18-22; November 30, 1990 City of Chicago "Amicus Curiae Brief in Support of Video 44"; December 3, 1990 "Motion for Leave to File Amicus Brief and Brief for Governor James R. Thompson as Amicus Curiae in Support of Video 44's Petition for Reconsideration"; November 29, 1990 Coalition in Defense of Access to Channel 44 "Statement in Support of Video 44's Petition for Reconsideration"; December 3, 1990 "Brief for Latino Committee on the Media as Amicus Curiae in Support of Video 44's Petition for Reconsideration"; see also Video 44, 6 F.C.C. Rcd. at 4953-57 (Commissioner Quello, dissenting); id. at 4958 (Commissioner Barrett, concurring).

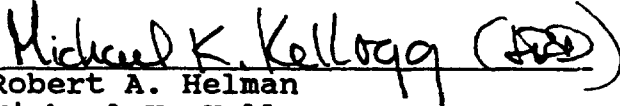
8/ Video 44, 6 F.C.C. Rcd. at 4950.

and that the Commission promptly consider and resolve any remaining issues in the proceeding, in accordance with Video 44's contemporaneously submitted motion for resolution of remaining issues and grant of Video 44's application for renewal of license.^{2/}

Respectfully submitted


Stanley B. Cohen
N. Frank Wiggins
J. Brian DeBoice

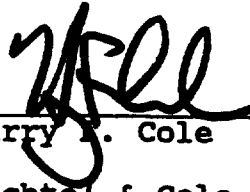
Cohn and Marks
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(202) 293-3860


Robert A. Helman
Michael K. Kellogg
Roy T. Englert, Jr.

Mayer, Brown & Platt
2000 Pennsylvania Avenue, N.W.
Washington, D.C. 20006
(202) 463-2000

Counsel for VIDEO 44

^{2/} Upon final Commission action granting this Petition and dismissing Monroe's application with prejudice, Video 44 intends to request the dismissal of its pending appeal (Case No. 91-1455) before the Court of Appeals for the District of Columbia Circuit.



Harry A. Cole

Bechtel & Cole, Chartered
1901 L Street, N.W.
Suite 250
Washington, D.C. 20036
(202) 833-4190

Counsel for MONROE COMMUNICATIONS
CORPORATION

October 28, 1992

ATTACHMENT 1

CHANNEL 44 SETTLEMENT AGREEMENT

This settlement agreement is entered into on October 8, 1992 to be effective as of September 1, 1992 (the "Effective Date") between Harriscope of Chicago, Inc. ("Harriscope"), an Illinois corporation, Essaness Theatres Corporation ("Essaness"), a Delaware corporation, National Subscription Television of Chicago, Inc. ("NSTC"), a Delaware corporation and Video 44, a joint venture formed by Harriscope, Essaness and NSTC (together with Video 44, the "Video 44 Parties"); and Monroe Communications Corporation, ("Monroe"), an Illinois corporation, and the individual directors and principal shareholders of Monroe whose signatures appear below (the "Shareholders" and together with Monroe, the "Monroe Parties").

WHEREAS,

A. Video 44 owns and operates the station WSNS-TV in Chicago, Illinois on UHF television channel 44 (the "Station"). The Shareholders collectively own over 75% of the voting stock of Monroe.

B. In August 1982, Video 44 filed an application before the Federal Communications Commission (the "Commission") for renewal of the license of the Station (File No. BRCT-820802J9, MM Docket No. 83-575). In November 1982 Monroe filed an application for a construction permit specifying the facilities utilized in the operation of the Station (File No. BPCT-821101KH, MM Docket No. 83-576). The two applications are mutually exclusive.

C. In 1989, following a comparative hearing and preliminary decisions by an administrative law judge and the Commission's Review Board, the Commission granted Video 44's application and denied Monroe's competing application.

Harriscope of Chicago, Inc., 4 FCC Rcd 1209 (1989). On appeal the United States Court of Appeals for the District of Columbia Circuit (the "Court") remanded the case to the Commission for further proceedings. Monroe Communications Corp. v. FCC, 900 F.2d 351 (1990).

D. On remand the Commission denied Video 44's renewal application and granted Monroe's competing application. Harriscope of Chicago, Inc., 5 FCC Rcd. 6393 (1990), reconsid. denied, 6 FCC Rcd. 4948 (1991). Video 44 has appealed this decision. Harriscope of Chicago, Inc. v. FCC, No. 91-1455 (D.C. Cir., Oral Argument scheduled for September 24, 1992).

E. The parties now wish to settle their disputes and, subject to Commission approval, Monroe wishes to withdraw its application for a construction permit and Video 44 wishes to acquire Monroe's rights to the license and obtain Monroe's assistance in obtaining renewal of its license.

NOW, THEREFORE, IN CONSIDERATION OF THE PREMISES AND THE MUTUAL PROMISES CONTAINED IN THIS AGREEMENT, THE PARTIES HERETO AGREE AS FOLLOWS:

1. Subject to Paragraph 11, Monroe agrees to withdraw and request dismissal of its application, with prejudice, before the

Commission for a construction permit and to withdraw its opposition to Video 44's application for renewal of its license.

2. Upon the delivery of the letter or letters of credit and the establishment of the escrow account as provided in Paragraph 14, Video 44 and Monroe will jointly prepare and file:

- a. A joint motion (i) advising the Court that a settlement of the parties' differences has been agreed to, subject to the approval of the Commission, and (ii) requesting the Court to defer oral argument and hold Video 44's pending appeal (Docket No. 91-1455) in abeyance in order to permit the Commission to consider the proposed settlement. The parties will use their best efforts to obtain the agreement of the Commission's counsel to join in the motion, and the parties agree that the precise form of the joint motion to be filed, and the precise relief to be requested therein, may be adjusted in ways not materially adverse to Video 44 or Monroe in response to such suggestions as the Commission's counsel might reasonably make as a condition to joining in such motion.
- b. A joint request to the Commission for approval of the settlement pursuant to 47 U.S.C. § 311(d)(2), the granting of Video 44's license renewal

application, and the dismissal with prejudice of Monroe's application.

3. Video 44 and Monroe agree to use their best efforts to obtain approval by the Commission of both the settlement described herein and Video 44's license renewal application. The required efforts shall include, but are not limited to, discussions with the Commission's litigation counsel and the Commission's Mass Media Bureau.

4. Subject to Paragraph 11, the Monroe Parties agree that none of them will, directly or indirectly:

- a. in any way oppose, interfere with or obstruct Video 44's 1982 license renewal application or
- b. in any way oppose, interfere with or obstruct, or file, participate in or support the filing of any application in competition with, or any petition to deny, either of the next two succeeding Video 44 renewal applications.

5. Subject to Paragraph 11, Video 44 agrees that within 10 days of the date on which an order by the Commission approving the settlement and dismissing Monroe's application with prejudice shall have become a final order not subject to judicial review (the "Approval Date"), Video 44 will deliver to Monroe in cash \$11,666,667, plus interest thereon (computed at a rate one percent per annum in excess of the Prime Rate from time to time in effect) from the Effective Date to the date on which the payment is made. "Prime Rate" shall mean the rate per annum (6%

on the date of this agreement) announced as its reference rate and modified from time to time by Continental Bank N.A. Notwithstanding the foregoing, if the payment described in this Paragraph is not made when due interest will accrue at the rate of four percent per annum in excess of the Prime Rate from time to time in effect (the "Default Rate") during the pendency of the default, and Video 44 shall be responsible for Monroe's reasonable costs of collection, if any, including reasonable legal fees related thereto. Payment of amounts due hereunder to Monroe shall be made by wire transfer to LaSalle National Bank, 120 South LaSalle Street, Chicago, Illinois, ABA Routing No. 071000505 for the account of Monroe, Account No. 2251118, Attn: Ann Ellingsen.

6. Subject to Paragraph 11, Video 44 agrees that within 10 days of the date on which an order by the Commission granting Video 44's license renewal application without any conditions materially adverse to Video 44 shall have become a final order not subject to judicial review (the "Renewal Date"), Video 44 will deliver to Monroe in cash an additional amount of \$6,009,757 plus interest calculated only on \$5,833,333 of such amount (computed at a rate one percent per annum in excess of the Prime Rate from time to time in effect) from the Effective Date to the date on which the payment is made. Until and unless the Renewal Date occurs no such additional payment shall be due. For purposes of this Paragraph renewal for a period of less than five years shall not, by itself, constitute a materially adverse

condition. Notwithstanding the foregoing, if the payment described in this Paragraph is not made when due interest will accrue at the Default Rate during the pendency of the default, and Video 44 shall be responsible for Monroe's reasonable costs of collection, if any, including reasonable legal fees related thereto. Payment of amounts due hereunder to Monroe shall be made by wire transfer to LaSalle National Bank, 120 South LaSalle Street, Chicago, Illinois, ABA Routing No. 071000505 for the account of Monroe, Account No. 2251118, Attn: Ann Ellingsen.

7. Except as provided in Paragraph 9 and subject to Paragraph 11, each of the Video 44 Parties forever releases, remises and discharges each of the Monroe Parties and Monroe's directors, officers, employees, shareholders, controlling persons, attorneys, agents, successors and assigns from any and all claims or causes of action of any kind or nature, without limitation, that are known, unknown, present, past or future which they had, have or may have or may hereafter have arising in any way from or relating in any way to the ownership or operation of the Station, the applications of Video 44 and Monroe before the Commission or the related litigation.

8. Except as provided in Paragraph 9 and subject to Paragraph 11, each of the Monroe Parties forever releases, remises and discharges each of the Video 44 Parties and their directors, officers, employees, shareholders, controlling persons, attorneys, agents, successors and assigns from any and all claims or causes of action of any kind or nature, without

limitation, that are known, unknown, present, past or future which they had, have or may have or may hereafter have arising in any way from or relating in any way to the ownership or operation of the station, the applications of Video 44 and Monroe before the Commission or the related litigation.

9. Notwithstanding the mutual releases contained in this agreement, nothing in this agreement shall be considered, construed or operate as a release, covenant not to sue or a waiver by any party of its rights to enforce this agreement.

10. Harriscope, Essaness and NSTC agree to use their best efforts to cause Video 44 to perform fully all of its obligations under this agreement. The Shareholders agree to use their best efforts to cause Monroe to perform fully all of its obligations under this agreement.

11. The settlement contemplated herein is subject to approval of the Commission. Paragraphs 1, 4(b), 5, 6, 7, 8, 13 and 14 of this agreement shall not be effective until the Approval Date. In the event that the Commission in a final order, no longer subject to judicial review, refuses to give such approval this entire agreement shall be null and void, Video 44's pending appeal and Monroe's application in opposition to Video 44's application for renewal shall be reactivated, Monroe shall deliver to Video 44 the letter or letters of credit described in Paragraph 14 and the escrow described in Paragraph 14 shall be dissolved and the funds returned to Video 44.

12. The parties agree that all publicity and public comment regarding this agreement, the competing applications and the litigation and related matters described herein shall be under the joint direction of Video 44 and Monroe. All parties agree to use their best efforts to ensure that the respective employees, agents and other shareholders of Monroe and Video 44 do not, make any public or private disclosure or comment or issue any press release related to such matters unless approved in advance by both Video 44 and Monroe. This provision shall not apply to information already in the public domain.

13. The Monroe parties and the Video 44 parties agree that upon receipt by Monroe of the payment described in Paragraph 6 the non-competition provisions contained in Schedule A will be incorporated by reference and made a part of this agreement without need for any further action by any person.

14. a. In order to secure payment of the sums that may be due Monroe under Paragraph 5 and Paragraph 6, Video 44 shall deliver one or more irrevocable letters of credit and/or establish a cash escrow account, all in favor of Monroe (with interest on any cash in escrow in excess of amounts necessary to satisfy Video 44's obligations to Monroe hereunder to accrue for Video 44's benefit), in the aggregate amount of \$17,676,424, no later than October 13, 1992.

b. Such irrevocable letters of credit and escrow account shall be in form reasonably acceptable to Monroe and its counsel, shall reflect the relevant portions of this Paragraph 14